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UNITED STATES DEPARTMENT OF JUSTICE
WASHINGTON, D.C. 20530

Form OBD-68
(Rev 10-14-76)
Formerly DJ-307
for

AMENDMENT TO REGISTRATION STATEMENT

Pursuant to the Foreign Agents Registration Act of 1938, as amended.

REGISTRATION UNIT FEB 24 11 40 AM '83

1. Name of Registrant	2. Registration No.
Bronz & Farrell	1740

3. This amendment is filed to accomplish the following indicated purpose or purposes:

- [ ] To correct a deficiency in
  - [ ] Initial Statement
  - [x] Supplemental Statement for Nov.22,1981
- [ ] To give notice of change in an exhibit previously filed.
- [ ] To give a 10-day notice of a change in information as required by Section 2(b) of the Act.
- [x] Other purpose (specify) Item 15(c) is to be marked "NO"

4. If this amendment requires the filing of a document or documents, please list-

Statement on behalf of New Zealand Meat Producers Board to Senate Finance Committee Hearing in S 857.

5. Each item checked above must be explained below in full detail together with, where appropriate, specific reference to and identity of the item in the registration statement to which it pertains. If more space is needed, full size insert sheets may be used.

In Supplemental Statement for November 22, 1981, Item 15(c) was not responded to. The reply to Item 15(c) is "NO"

The undersigned swear(s) or affirm(s) that he has (they have) read the information set forth in this amendment and that he is (they are) familiar with the contents thereof and that such contents are in their entirety true and accurate to the best of his (their) knowledge and belief.

(Both copies of this amendment shall be signed and sworn to before a notary public or other person authorized to administer oaths by the agent, if the registrant is an individual, or by a majority of those partners, officers, directors or persons performing similar functions who are in the United States, if the registrant is an organization.)

Edward J Farrell
Edward J. Farrell

Subscribed and sworn to before me in the District of Columbia

this 15th day of February, 1983

Araiche L. Causin
(Notary or other officer)

My commission expires My Commission Expires March 31, 1988

DOJ

Before the

SUBCOMMITTEE ON INTERNATIONAL TRADE
COMMITTEE ON FINANCE
UNITED STATES SENATE

WASHINGTON, D. C.

PROPOSALS TO IMPOSE
IMPORT QUOTAS ON LAMB
S 857 et. al.

Statement

on behalf of the

NEW ZEALAND MEAT PRODUCERS BOARD

This statement is submitted on behalf of the New Zealand Meat Producers Board in opposition to S 857, Senator Tower's bill to impose quota restrictions on the importation of lamb meat. It is in response to the Subcommittee's notice of opportunity to present views on a variety of miscellaneous tariff bills dated October 19, 1981.

This material is prepared, edited, issued or circulated by Bronz & Farrell, 2021 K Street, N.W., Washington, D.C. 20006, who is registered under the Foreign Agents Registration Act of 1938, as amended, as an agent of the New Zealand Meat Producers Board. This material is filed with the Department of Justice where the required registration statement is available for public inspection. Registration does not indicate approval of this material by the United States Government.

For many years New Zealand has been a major exporter of meat to world markets including the United States, where its principal products are manufacturing beef and lamb cuts. The Board, which is the representative of the livestock producers of New Zealand, is the only organization promoting New Zealand meat on an international scale. It undertakes a variety of advertising and public relations programs in many world markets, and contracts for sea and air carriage of meat products. Thus, the Board has the power to regulate the flow of these products to individual markets, although it is not itself usually an exporter.

In 1960, as a joint venture between the Board, acting on behalf of New Zealand's lamb producers, and the private export trade, the Meat Export Development Co. Ltd., (DEVCO), was formed. DEVCO is the parent of New Zealand Lamb Co., Inc., a United States corporation which is the only importer of New Zealand lamb into this market. DEVCO was formed solely for the orderly development of the North American lamb market, with special attention to quality, consistency of supply and commitment to promotion. It is a commercial profit-making company that trades only to the United States and Canada, and is the only licenses exporter to these markets.

New Zealand is by far the world's largest exporter of sheepmeats, particularly lamb, and last year exported more lamb than all the countries in the world combined. The sheep population of New Zealand is currently nearly 70 million head, with approximately 30 million head of lamb being slaughtered for export this year. Last year exports went to 82 countries throughout the world, including Europe, the Mediterranean, North America, the Caribbean, the Middle East, South America, Africa, Asia and the Pacific. The following table quantifies these exports by market. As you will note, exports to the United States accounted for approximately 3.3% of New Zealand's total lamb exports. New Zealand lamb exports to the United States have never exceeded 4.5% of the total export production.

New Zealand

Export Lamb Shipments
(000 tonnes)

	1978/79	1979/80	1980/81 (projection)
United Kingdom	205.4	180.7	146
United States	14.6	11.4	10
Canada	8.6	10.0	10
Europe (excluding UK)	19.9	14.5	17
Mediterranean (including Greece)	16.9	6.5	14
Japan	18.2	12.7	15
Iran	3.7	64.6	105
Iraq	13.1	11.7	33
Other Middle East	3.7	20.8	18
Pacific	10.0	11.4	12
Other	5.7	5.9	6
	319,8	350.2	386

New Zealand has been a consistent and reliable supplier of lamb to this market. In 1980, 87% of total imports of 33 million pounds came from New Zealand, a total level approximately equal to average imports over the last five years.

S 857 would reduce all imports to the lower of 31 million pounds or 12% of domestic production. Such a limitation is totally unjustified and would, we believe, work to the detriment not only of the supplying countries like New Zealand, but also to the sheep producers and consumers of this country. The U. S. market for lamb has been in a steady decline since World War II, but to take a more recent period, from 1976 domestic lamb and yearling production has dropped from 338 million pounds to 285.6 million pounds in 1980. As the following table illustrates, this decline of 52.4 million pounds bears no relationship to imports, which have been stable throughout the period, and does not even take into consideration the more dramatic drop in per capita consumption which follows from increasing population during that period. As a point of reference, per capita consumption of lamb is now less than 1.5 pounds per person, compared with over 100 pounds per person for beef. Clearly, whatever is happening in the domestic lamb market has nothing to do with imports. Rather, to the contrary, without imports or with severely limited imports, the available supply and thus the level of market penetration of lamb could quickly reach the point where many retailers and restauranteurs would cease to carry the product altogether.

U. S. LAMB SUPPLY
(million pounds)

Year	NZ Imports 1/	Total Imports 1/	Lamb & Yearling U.S. Production	Total Supply
1976	27.2	34.2	338.0	372.2
1977	17.1	21.1	313.5	334.6
1978	29.6	38.1	280.3	318.4
1979	30.5	42.6	263.7	306.3
1980	28.8	33.2	285.6	318.8

Source: AMERICAN SHEEP PRODUCERS COUNCIL LAMB REPORTS

1/ yearly fluctuations in imports are not reflected in sales which are generally steady, but in inventory.

We would also hasten to point out that regardless of these declining numbers, the USDA reported to the Senate Agriculture Committee that lamb production in 1980 was the most profitable U. S. livestock industry, and that returns to U. S. sheep producers, as well as price per pound for lamb, have increased at a greater rate than for other meats.

There can, however, be no doubt that domestic lamb prices have at times fluctuated dramatically, but these fluctuations, as U. S. producers often candidly admit, are due to their own inability to market their product in an orderly fashion throughout the year. For example, many of the short term economic problems faced by American lamb producers at present result from the fall in fresh lamb prices of approximately 20¢ per pound at wholesale during the months of September, October and November of 1980, which followed a parallel decline in choice beef prices. This drop in fresh lamb prices was very clearly the result of increased supply of domestic fresh lamb, not imported frozen lamb, when demand was weak. To illustrate, in August of 1980, sheep and lamb slaughter was 10.3% higher than the same month of 1979. In September, 1980, slaughter was 4.4% higher than the corresponding month of the year earlier. In October slaughter was up 13%, in November 19% and in December 9.7%.

In addition to these high slaughter numbers the American lamb industry faced the additional problem of a large percentage of heavy weight lambs. This meat came into a weak general meat market against large supplies of pork and chicken and depressed beef prices with much of it in a fatty condition unacceptable to the consumer, further depressing prices.

Following this drop in fresh lamb prices, the American sheep industry convened a Special Lamb Marketing Task Force in early 1981 to identify the problems that led to this decline. The Task Force included representatives of the lamb growers, lamb feeders and the wholesale, retail and food service trades.

According to the National Wool Grower (April, 1981) report of the Task Force findings, Task Force members emphasized:

"The major problem is too many lambs reaching the market at the same time during certain periods of the year and shortages at other times."

The report also stated that:

"While slaughter facilities are a problem, it is not as drastic as the uneven marketing pattern which causes market glut, which in turn, results in a back-up of supply. This evolves into a fat, wastey, overweight lamb problem that becomes a price disaster, even for the ideal lamb carcasses."

In the April, 1981 issue of the National Wool Grower magazine, American lamb industry leaders looked back at the reasons for the market collapse.

Jamie Kothman, President of the National Lamb Feeders Association, said the following concerning American lamb supply:

"Instead of being scattered out from October to January, they were all ready for slaughter by November and a lot carrying too much weight. We had created a drastic over-supply of heavy lamb for the present demand."

In the same issue, Mr. Don Meike, Chairman of the Board of Directors of the National Wool Growers Association said:

"The real market break seems to be triggered by too many lambs marketed at one time in the fall."

In the February, 1981 National Wool Grower, Mr. Kothman recognized that:

"We as lamb feeders probably have done more to tear down the good image of lamb, in the last three or four months, than has been done for several years . . .

We as producers of lamb should have learned one thing in the last five months, and that is even though we have a very small amount of lamb to sell the consumer, they are

> not going to buy it unless it is the kind of lamb they want. So, maybe, we had better wake up and see if we can produce what the consumer would like to buy."

A similar situation has occurred this year, where a 9% increase in fresh lamb supply has been put on to a generally depressed meat market with resultant price declines at all levels. We have attached as an Exhibit an analysis of the current market by the American Sheep Producers Council. It is worth noting this domestic industry document nowhere so much as mentions imports as being casually related to these recent market situations.

Clearly, domestic industry leaders recognize that their problems were caused by their own supply difficulties, not imports. They also recognize their longer term problems with predator control, labor and grazing difficulties, as well as with their marketing system.

By contrast to the major fluctuations in wholesale prices for domestic lamb, New Zealand sells lamb on a price list basis, the price lists being issued periodically and remaining in effect for sustained periods. Prices to wholesalers for New Zealand lamb do not fluctuate from week to week and, in fact, there have been no reductions in the price to wholesalers of New Zealand lamb since January, 1975. On a weighted average carcass equivalent basis, the New Zealand lamb carcass-equivalent price in August of 1980 was $1.42 per pound. At that time, the National Provisioner daily market service published a wholesale price for domestic light lamb carcasses of $1.41 per pound. From September thru

February, that fresh lamb carcass price dropped to $1.22 per pound for light lambs, where it remained for several months, and as low as $1.03 per pound for the then abundant heavy lambs. Throughout that same period the New Zealand lamb carcass equivalent price rose to $1.47 per pound, and by June 1, 1981 was $1.54 per pound. In September, 1981 the fresh lamb price on the same basis dropped to $1.12 and as low as $1.07 while New Zealand's remained at $1.54.

It should be noted that New Zealand lamb is not sold as a cheap alternative to the domestic product. Further to the price increases that have already occurred, DEVCO must continue to compete with other New Zealand exporters to world markets, where demand continues to be very strong. It must also deal with ever escallating costs for packaging, processing, and freight. It is obvious that New Zealand lamb has not and cannot wholesale cheaply compared to the domestic product.

It is also important to recognize that New Zealand and American lamb are in many ways not competitive. It is certainly true that they are both lamb, but there are many differences both in the marketing of the products and the markets which they serve. New Zealand does not sell its product in such a way as to take customers from American lamb for several reasons:

First, because New Zealand lamb is frozen, it does not compete with American lamb for supermarket shelf space. It is sold in the frozen meat case and competes for shelf space with other frozen meat items.

Second, with the dramatic decline in per capita consumption there is little future in attempting to increase share in a very small and declining market. The true potential benefit lies in creating new markets and taking part in their development. New Zealand perceives these new market opportunities to be geographic, demographic, and to include different segments of the food industry.

For example, the Southeast has traditionally been a poor and inconsistent lamb market. A study by the Packers and Stockyards Administration showed that in 1970 this region accounted for only 8.7% of U. S. lamb consumption. New Zealand has done considerable work in developing this regional market and in 1980, it accounted for over 17% of New Zealand's United States lamb sales.

The fact that New Zealand lamb is frozen, thereby having a longer shelf life, and is available by specific cut has meant that many retailers with small lamb usage, such as those in the Southeast, can stock New Zealand lamb when it would be impractical for them to provide a continuous supply of fresh product. This is particularly true as domestic lamb is generally available only in whole carcasses so that the retailer is left to dispose of the less desirable portions of the carcass and is limited by his ability to do so in all markets.

New Zealand has also brought substantial new customers both directly, and indirectly as an assist to retail sales, through the business it has developed in the food service sector. Traditionally, the food service sector has not been a strong market for lamb. However, New Zealand lamb undertook major programs to increase lamb usage by hotels, restaurants and institutions. In 1980, we estimate approximately 30% of New Zealand lamb sales in the United States went to the food service sector.

Howard Derrick, an American sheepman and Chairman of the Lamb Promotion Coordinating Committee (LPCC), recognized this in an interview with the National Wool Grower (March, 1981) where he pointed out that New Zealand and Australia, in addition to their adherence to quality, "have developed some new markets in the Southeast mainly, Atlanta, and so forth. Another thing they have done, that has not hindered us, is they have been able to get frozen lamb into the hotel/restaurant trade - possibly that sounds bad - but they have exposed some consumers to lamb who would not have been otherwise."

It must also be emphasized that New Zealand has invested a considerable amount of money over a long period of time in developing the United States lamb market. Not only has there been substantial investment in product development directed towards such things as ageing, processing, and packaging, but also in advertising and promotion. This investment has been through the LPCC as well as the direct expense of the New Zealand Lamb Co., Inc., much of which directly benefits the sales of lamb regardless of origin.

The LPCC was established in 1970 and consists of three grower delegates from each of the United States, Australia and New Zealand. In recent years this organization has funded the Lamb Education Center with approximately $100,000 per year, New Zealand's contribution being $30-35,000 yearly.

In the ten years since 1971 New Zealand has paid in excess of $425,000 to this program, administered by the American Sheep Producers Council, to educate Americans in the use and advantages of lamb, with none of the material produced mentioning the country of origin of lamb. The purpose is to increase the public's awareness of lamb in the hope that all can benefit, at the very least in maintaining current levels of lamb consumption, but hopefully to develop new consumers and higher consumption on the part of those who are already lamb consumers.

Finally, it must be pointed out that the imposition of quotas on lamb meat would be a violation of the United States' obligation under the GATT, entitling New Zealand to exercise the remedies available to her under that Agreement. Both the United States and New Zealand are agricultural exporting nations who have just successfully concluded MTN negotiations to lower the many barriers to agricultural trade which severely impact them both. In this context, it seems unthinkable to erect yet a new barrier to agricultural trade, particularly against a product such as lamb. New Zealand, the principal supplier of lamb to this market, is dependent to a very significant degree on her export trade in this product and has done much to promote lamb in the United States on an orderly marketing basis. At the same time the presence of imported lamb has done much to benefit the United States market and the American consumer. For these reasons we urge your rejection of S857.

Respectfully submitted

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of counsel

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TO: SPC Delegates
Alternates and Officers of Member Organizations

A18

FROM: Market Analysis Department, ASPC, Inc.

DATE: October 9, 1981

LAMB MARKETING ALERT

Lamb producers who sold lambs in September or late August of 1981 suffered severe financial losses. Shock and frustration prevailed on farms and ranches similar to the trauma experienced by lamb feeders last winter.

SLUGGISH ECONOMY

Several problems continue to harass the sheep and lamb industry. Some of these have origins outside the industry's primary activities related to the production and distribution of lamb, they include:

(a) Income restrains on consumer spending for food and clothing.
(b) A slowdown in expansion of international trade.
(c) High interest rates and competition for funds at all levels of production and trade.

SHEEP AND LAMB MARKETING PROBLEMS

Other problems that have been more specific to sheep and lamb marketing include:

(a) An increase in production of lambs (lamb crop for 1981 estimated to be 8 percent larger than for 1980-caused mostly by more lambs saved per 100 ewes on farms and ranches).
(b) Major restructuring and relocation of lamb slaughtering and lamb feeding enterprises.
(c) Slow demand and low prices for feeder lambs - feeder losses - high interest rates - low confidence in profits from lamb feeding.
(d) A substantial jump in lamb slaughter; September slaughter up around 12 percent from August and more than 15 percent above September 1980.
(e) A shortage of (upper) weight high yielding carcasses desired by breakers at the same time that smaller and sometimes thinly covered carcasses and cuts needed to be moved quickly through retail displays to retain customer eye appeal.
(f) Widespread price discounting by packers and wholesalers to move lamb products that lacked part of the specification standards requested by some retailers and purveyors.
(g) Abundant supplies and stiff price competition from other meat and poultry products.

SEASONAL STRENGTH IN RETAIL MOVEMENT

The anticipated increase in retail demand for lamb occurred in early-September. A modest recovery in slaughter lamb prices in the second week was soon blunted by a surge in lamb slaughter and larger quantities of lamb products in market channels.

SLAUGHTER LEVELS PEAK IN SEPTEMBER?

We believe that lamb slaughter peaked in mid-September when weekly commercial slaughter for the third week of the month reached 146 thousand head (Federally inspected slaughter was 139 thousand head). Estimated commercial slaughter for the month of September averaged 130 thousand head per week. Weekly slaughter levels may hold in the range of 125 to 135 thousand head per week through October and early November. We anticipate it will ease back to 110 to 120 thousand head per week by late-November or early-December. Slaughter in the first quarter of 1982 is likely to average around 115 thousand head per week (commercial slaughter is usually 3 to 5 percent more than F.I. slaughter). This would be about the same level of slaughter as the first quarter of 1980. We believe that the lambs slaughtered through the October 1981-March 1982 period will be more uniform in weight and finish than those marketed in the October-March of 1980/81 and also more uniform than the lambs slaughtered and merchandised in September 1981.

PRICE OUTLOOK

Choice slaughter lambs are expected to bring $50 to $60 per CWT., through the last quarter of 1981. Modest strength in November and December should move most prices into the upper half of this range by early December. We think slaughter lamb prices will average around $60 per CWT., for the first quarter of 1982. They are likely to be mostly below this level in January and to be mostly above the $60 level by mid-March.

Feeder lamb prices are likely to continue below slaughter prices in October-November. They are expected to be close to slaughter prices in the first quarter of 1982.

John Morrison

Quentin Banks